SPEECH

OF

HON. T. O. HOWE, OF WISCONSIN,

ON THE

ISSUE OF UNITED STATES NOTES;

DELIVERED

IN THE SENATE OF THE UNITED STATES, FEBRUARY 12, 1862.

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SPEECH.

The Senate, as in Committee of the Whole, having under consideration the bill (H. R. No. 240) to authorize the issue of United States notes, and for the redemption and funding thereof, and for funding the floating debt of the United States—

Mr. HOWE said:

Mr. PRESIDENT: Isolated from the sympathies of the world, with a hostile army frowning at us along our southern borders, with a hostile people snarling at us from across our northern boundary, let the great Republic, fearless and undismayed, calmly take counsel of herself.

Justly proud of the number and the strength of her children, the Niobe of the West will surrender no one of them to the fatal embrace of rebellion but at the bidding of a destiny which she cannot resist. With an income of less than one hundred and fifty thousand dollars per day, the Government is spending more than one million and a half. Either, therefore, the Treasury must be replenished, or the war must be abandoned. The war cannot be abandoned.

Sir, since society was, since the earliest attempts to mass men into States, to subject human will to human authority, one purpose has guided, one hope has inspired the progress of the world. That purpose and that hope have been to plant every man within the pale of human enactments, where he stands in the light of the divine law, upon terms of perfect equality. The innate conviction of every rational human being is, that he is the peer of any other human being. There are times when he will assert his equality against whoever denies it. The sentiment is peculiar to no race; it belongs to no condition of intellectual culture. Sydney is no more a type of the Saxon than he is of the Sioux tribe. The feeling has animated all true reform, and has inspired all worthy revolution. Dynasties have smothered that feeling for a time; classes have combined against it. But neither have ever crushed it out, and neither ever will until that distant day when God lets go the cords by which he draws a ransomed world to himself, and lets the abandoned universe plunge backward into chaos. Every defeat of a people lights the fires of a new revolution, sure to break out sooner or later in a general conflagration.

"All men are born free and equal." They must be recognized as such. They must be treated as such. That gospel has been proclaimed to the world. It must be accepted. No matter what despotisms may deny it, no matter what tyrannies may proscribe it, that truth *will have* recognition. The oftener it is denied the fiercer will be the reassertion. Sir, the war in which we are involved is a war by the people, and in defense of their just and most equitable rights. Five millions have challenged twenty-two millions to combat. Five millions have resolved to wrest authority from twenty-two millions by force of arms, by the stern arbitrament of war.

Those who have challenged us to this conflict, and those who sympathize with them, are pleased to style the Government of the United States "Lincoln's Government." It is *not* Lincoln's Government. It is the Government of the people of the United States—a Government in which every man of those embattled thousands who are flinging their lives away in the frantic endeavor to batter it down has a fuller representation than any one of those who are trying to uphold it. It is a Government which asserts, and for almost a century has maintained for every one of those ingrates who now assail it, the largest share of civil liberty ever accorded to any people. It is a Government which has showered upon all its subjects riches and prosperity in such full measure as no other people ever enjoyed. It is a Government which never laid a feather's weight upon the neck of any citizen, which the people could not remove by the mere expression of their will. It is a Government, all the forms of which are as essential to those who oppose President Lincoln and desire to unseat him, as to those who support him and who may seek to continue him in authority.

There are those who are pleased to represent this war as a protest against the abolition of slavery. There are those who pretend the war was a necessity to the rebels to prevent the abolition of their slaves. There is but one term in our lan-

guage which fitly characterizes that pretense. It is, according to the authority of all English lexicographers, a *lie*. Slavery has existed longer than the Government has. The Government never has assaulted it once. It never has threatened it once, until now it is threatened with the punishment due to treason. The men who urge this pretense *know* that if every rebel soldier of the Potomac would lay down his arms to-morrow, every slave in those States would be as safe from the American Government as from the Government of Great Britain.

There are those who pretend that the war is a protest against the anti-slavery *feeling* of the northern States of the Union. There is more truth in that hypothesis. The anti-slavery feeling of a large portion of the American people is very strong. It is not growing weaker. But who says the feeling is unconstitutional? What clause of the Constitution informs us what we may and what we may not think? Who dares stand here in the Senate or stand anywhere within sight of the *Omnipresent* and assert that, under the Constitution of the United States, one may not as rightfully think ill as think well of human slavery?

Has it come to this, that in the first century of the life of this free Republic, great armies are mustered to crush out a feeling; that cannon are employed to demolish an opinion?

If armies may properly be marched against anti-slavery opinion, will some prophet tell me how long any opinion will be safe from their assaults? If squadrons of cavalry are to be employed to trample down the right of opinion, will some sabered sage tell me what right the cavalry will respect?

If the Constitution does not guaranty to us the right of opinion, will some lawyer tell me what right it does insure us? If we will not fight, and, if necessary, die for the right to think, will some man tell me for what right he will dare to die?

There are those who say the war might have been avoided by timely concessions, and might now be settled by a happy compromise. Undoubtedly. No people go to war for fun. No people resort to war against those who are willing to do, and make haste to do, all they are told to do. I know that rebels have denied it; yet, in spite of their denial, I do not question but they would cease their assaults upon us if we would register such laws as they may please to dictate, and obey such constitutions as they may please to prescribe. Undoubtedly they would grant us peace if we would yield them dominion.

But the Constitution confers dominion upon the American people, and allegiance to the Constitution imposes upon us war until that dominion be acknowledged.

Many of those who dwell upon the marvelous efficacy of compromise and concession are true patriots, who mean to be loyal to the Constitution and faithful in their devotion to the Union. They do love the Constitution and the Union with that sort of uncalculating love which blinds them to the reason why they love them; and in the blindness of their devotion they would sacrifice the very excellencies which alone make it dear to them. They are like children who, ravished with the beauty of a rose they have gathered, cannot forbear to pick it to pieces and to devour its leaves. They are like men bending over the cataract at Niagara, and who, fascinated by the grandeur of its resistless anthem, long to lay down upon its resistless floods and seek silence beneath their unending roar.

We forget *why* we love the Constitution and the Union. We love the Constitution because it recognizes every citizen as a unit, with equal right to have his voice heard and his will respected; because it gives authority to the greater number of wills, for a reason as cogent as that which, in mathematics, assigns the greater value to the greater number of units.

We love the Union because it enforces the wills of the greater number, by the combined force of the whole. If those who make war upon the Constitution desire any new enactment, any new policy, and if they are a majority of the American people, they may have their enactment through the instrumentality of the ballot-box. Indeed, by reason of the equal representation given to all States, whether large or small, in the Senate, and the representation given to slaves in the other House, it is well known that portion of the American people can control the legislation of the nation with less than a majority of the citizens of the United States. But, if the policy they demand is disapproved by a majority of citizens, there is no reason why that majority should surrender their judgments to a minority. There is no reason why ten men should yield their opinions to nine more than there is that ten dollars should be exchanged for nine. The very fact of an appeal to force is conclusive that the appellants are a minority in numbers. Under our Constitution majorities have no need of arms to carry a measure of domestic policy. Majorities triumph with ballots, not with bayonets. And this leads me to say to all those who would avoid violence, by the abandonment of cherished conviction, that the very moment a majority enacts, amends, or repeals a law, statutory or constitutional, at the bidding of an army or under the menace of violence, that moment the Constitution is annulled. The letter may indeed remain, but the life is gone. The form may be seen, but the beauty has perished. It is no longer the supreme law. Reason is dethroned. Force is ordained in its stead. The majority is hurled from the post of command, and a truculent minority usurps its lawful authority. Cowardice and not conviction guides the people, and the costly purchase of the American Revolution is ignobly bartered for an uncertain peace.

Sir, I repeat once more that five millions of citizens have challenged twenty-two millions to combat. You have the advantage of numbers, the advantage of wealth, commercial intercourse with other nations, and the prestige of legitimacy. You have set an army in the field. The Commander-in-Chief is the chosen of the people, the legislature is of their appointment. Every officer in their service was either selected by themselves or by agents of theirs empowered to select them. Modes are prescribed and times appointed to remove every officer who proves incompetent, or unfaithful to his trust.

If with these odds in their favor the people cannot triumph, let the reason stand confessed—*it is because they are not fit to govern.* Let no man mistake the nature of the contest. It is not between President Lincoln and Mr. Davis. It is not between General McClellan and General Beauregard. It is between the majority and the minority. It is between the people and their enemies. It is between the multitude of equals and the privileged class. It is between the Constitution of the United States and its assailants. The world understands the issue. The capacity of the people for self-government is upon trial. Every steamer from England is freighted, half with prophecies of a popular defeat, and half with taunts of popular incapacity.

An American officer educated at the expense of the people, long trusted and employed by them, and liberally paid by them, on the first appearance of peril surrendered the department of Texas to the enemy. Two continents stood amazed at the shameless infamy of the betrayal. Sir, it behooves us to see that the fate of Texas is not the fate of the nation—that the treachery of Twiggs was not typical of the Government he served.

We cannot abandon the war. To abandon the war is to surrender the jurisdiction of the United States over those magnificent territories now embraced within the limits of the rebellious States. It is to withdraw the protection of the Government from the loyal millions within the insurrectionary districts, who, during those terrible months from the 7th of December, 1859, to the 17th of April following, were overwhelmed by the floods of anarchic violence, and who, as one community after another was submerged, went out of sight, bravely struggling to uphold the national flag and boldly protesting against that great outrage upon the national authority. It is to tell those loyal thousands who, rather than forfeit their allegiance to the national compact have sundered the ties of neighborhood and now wander through your cities exiles from their homes and hearths, that their confidence in you is misplaced; that their valor is in vain; that the only way to safety is through secession. It is to tell Johnson, Carlile, and Willey of this House, and Etheridge and Maynard of the other, that henceforth they are aliens to the States they represent here. It is to tell the compatriots of Brownlow, who are now expiating the offense of fidelity to the Constitution in southern prisons, that for them there is no deliverance but through submission to traitors and the baptism of rebellion.

The abandonment of the war involves more than these disgraces. It involves the surrender of your own independence—the evacuation of the last stronghold of civil liberty. Let no man be mistaken upon this point. There are those who fancy that peace might be secured by acknowledging the independence of the southern confederacy. There is nothing more improbable than that. The recognition of southern independence is only the first step towards the abdication of your own. There are those who think the integrity of the Union is the sole object of the contest, and that the stake is not worth the cost of the struggle. The value of the Union is inestimable. Its integrity is not only of the first importance, but it is the primal necessity for all its parts. The power of the whole is necessary to the independence of any part. When we were thirteen States, "free and independent" of each other, as the Declaration of the 4th of July, 1776, left us, the great law of self-preservation, the first law of nations as of nature, drove us together—loosely, at first, under the articles of confederation, but firmly, at last, under the Constitution of the United States.

Divide the Union to-morrow into two nations, secure the independence of each from the other by the most solemn of treaties, and both would be driven to unite again in twelve months to escape from foreign domination. This assertion is not the result of reasoning, it is the result of observation. Practically, we have been two nations since May last. Each in its own theory has been independent of the authority of the other but I state the fact to-day, to which I wish every American citizen may give heed, that since May last Europe has given law to both sections of the Union.

The fact is open and manifest that the champions of the confederacy do not hope for a separate national existence but through the help of foreign alliances; while on the other hand it is too notorious that on a recent memorable occasion our own Government, at the instance of a foreign Power, deliberately undid the one deed which, more than any other since the war commenced, gave to the loyal people of the Union the most lively satisfaction, and was greeted by them with the most universal and the most enthusiastic approval. Let it not be said the American Government acted in defiance of the opinion of the American people. That is not the fact. On the contrary, it is not truer that the American people approved the arrest of the rebel emissaries than it is that they approved of their release. We feted the gallant Wilkes, because we approved his achievement. We surrendered the fruits of that achievement, because England demanded it, and we did not feel strong enough to deny her. I do not mean to deny those principles of public law which were asserted by our Government as authority for the release of Mason and Slidell. I mean to say that England always has denied, and still does deny them. I do not mean to say they would not have been surrendered if we had felt strong. I mean to say if we had felt strong, England would not have demanded their surrender; or if she had demanded it she would have surrendered her opposition to the law which alone authorized the demand. It was a palpable instance in which British opinion bore rule in the United States of America. It was the first instance in half a century. If we are true to ourselves, it will be the last instance in a hundred centuries to come.

It may be said this feeling of insecurity and of material dependence arose not from loss of southern men or southern means. It may be said that the people of the States still loyal are more numerous and more wealthy than the people of the original thirteen States; better able to maintain a separate nationality than those who first achieved that nationality; that there is room enough for an

empire between the Atlantic and the Pacific oceans, and north of the Potomac; and that the people who dwell there need not hesitate alone to encounter the hostility of any single foreign Power; that it is not the absence of the South as a friend, but her presence as a foe that weakens us. This is all true. But it is also true that as a separate and independent State, the South must always be present as a foe in every contest that threatens our existence or our power.

If there is one admonition which more than all others cries out to us at this time it is, that these two diverse forms of civilization can never rest side by side upon the same continent under different systems of law and different governments, in peace and concord. The only friendship possible for them is that built upon the sacred memory of a common origin, a common baptism, common national struggles, the hope of a common national destiny, the existence of a common constitution, guarantying equal rights to both, and a common government, in which each is equally represented. If these solemn guarantees cannot hold us together in amity, no mere agreement can. If the high behests of the Constitution, sanctified as they are by the oaths of every one of us, often repeated, cannot enforce the peace between us, no mere international treaty ever will suffice to do it.

This truth resounds through all history—it is shouted back to us from all prophecy It is, I verily believe, the fundamental truth upon the clear perception of which the wisdom of our counsels of to-day mainly depends. It is a truth of which the South has never for a moment lost sight. She knows that your independence is utterly incompatible with her own; that the onward sweep of your civilization and your ideas must be more fatal to her own social forms out of the Union than in it. She contemplates nothing else than permanent disunion. It is not union she abjures, but the existing Union. She is no less resolved upon a union with the States of the North than England is upon a union with Ireland; but it is a union of the same kind she invokes. It is not a union under the broad and liberal Constitution which Virginia gave us, but under such a constitution as South Carolina may be pleased to give us.

She marched her armies as promptly to the conquest of Missouri and Kentucky as to the attack upon Sumter or Fort Pickens. They threatened your arsenal at St. Louis as unhesitatingly as your armory at Harper's Ferry; and although they might agree to withdraw their armies from the Potomac to-morrow if you would grant them independence, yet, the first use they would make of independence would be to muster another army upon the Susquehanna. To abandon the war is then simply impossible. To replenish the Treasury is not only possible, but practicable. It may be done either by resort to taxes or to loans, or to both.

It is not just to charge the whole cost of this struggle upon the people of to-day, and therefore it is not expedient to supply the Treasury by taxation alone. It is not just to charge the whole cost of it upon posterity, and therefore it is not expedient to supply the Treasury by borrowing alone. The ordinary expenses of the Government and the current interest upon the public debt are fairly chargeable upon the present income of the nation. The extraordinary expenses consequent upon the war, waged, as we have seen, not for this generation alone, but for all succeeding generations, ought to be charged upon the future income of the nation.

In accordance with this principle, the two Houses of Congress have already published a resolution to provide a revenue by taxes and imposts of not less than $150,000,000 for the ensuing fiscal year. The balance of the appropriations called for by the Government must be provided for by loans, and even the revenue itself will probably have to be anticipated by some temporary credit.

Mr. President, hitherto the effort of the Government has been to borrow the immense sums demanded for the war in coin. It is clear to my mind that that effort should be abandoned. We are excluded from borrowing in foreign markets for the present. It suits both the financial and political purposes of other nations, at this time, to discredit our ability. Not until we have demonstrated that, in the devotion of our own people, the Government has resources equal to its utmost needs, can we command the confidence of the goldmongers of Europe. To borrow of those communities, in their present temper, would subject us to such discounts now as would neither comport with our interests or our honor, and would subject us hereafter to heavy annual exportations of specie for the payment of interest.

To continue borrowing of our own banks, and borrowing coin, is impossible. They have not the coin to lend. In their efforts to lend to the Government they have already been forced to suspend the payment of specie upon their own notes. The entire sum of specie in all the banks in the United States, in May last, was only $99,751,627; of that sum $27,125,000 was in the vaults of banks within the seceded States, and not just now available for the purposes of this Government. Thus the specie capital which the banks of the loyal States could place at the disposal of the Government was but little more than seventy-two millions of dollars. That sum will not defray the expenses of the Government for fifty days.

The Government may be able to borrow of the banks, but the Government cannot borrow specie of the banks. If it borrows anything of them it must borrow, not their money, but their promises to pay money. Nothing is more certain than that, whatever our wishes may be, it is impossible to command the revenues for this war in coin. We must rely mainly upon a paper circulation; and there is another thing equally certain, which is that that paper, whoever issues it, *must be* irredeemable. All paper currencies have been, and will ever be, irredeemable. It is a pleasant fiction to call them redeemable; it is an agreeable fancy to think them so. I would not dispel that fancy, I would not expose that fiction, only that the great emergency which is upon us seems to me to render it more than usually proper that the nation should begin to speak truth to itself; to have done with shams, and to deal with realities.

The fact is that no paper circulation ever was

or ever will be redeemable in specie. No man ever did or ever will loan his note for ten dollars if he is compelled to keep a gold eagle to redeem it with, for the simple reason that it is cheaper to loan the coin. And no man who loans two ten dollar notes, and has but one gold eagle, can pay specie on demand for both of them. No bank would loan its notes instead of its coin, but for the privilege it enjoys of loaning more paper than it has of coin. And no bank which issues its notes in excess of its coin can, on demand, redeem its notes in specie. Every attempt that was ever made, here or elsewhere, to convert a paper circulation into a metallic currency proves this. So every bank note, therefore, in circulation, although it purports to be an unconditional undertaking to pay the sum mentioned upon its face in specie on demand, yet it has annexed to it this implied condition: *that the holder must not demand the specie any faster than the maker gets it.*

The total circulation of the banks of the United States was, in May last, $195,240,000; their total specie deposit at the same time amounted to but $99,751,627. To pretend that the latter sum is equal to the absorption of the former is as idle as to pretend that a frog can swallow an ox. It is worse than any common brag; it is falsehood.

Let it be understood, then, that during the continuance of this war we must have, as we have always had, a paper circulation, and that it must be, what it has always been, irredeemable. The question remains, who shall issue that paper—the Government or the banks? I answer, the Government. I say the Government, and not the banks, should issue that paper, for all the reasons and upon all the considerations which can influence the decision of the question. The Government should issue that paper, because it is for its own use, and because, also, let who will issue it, the Government must supply the means for taking it up. If the banks issue it, they will simply loan it to the Government upon its promise to pay that amount in a given period with interest. The banks will loan the Government one hundred of its promises each to pay ten dollars on demand, without interest, in exchange for the Government's promise to pay $1,000, with interest, in ten or in twenty years. No man believes that those one hundred promises can ever be redeemed until the banks have raised the money upon the Government's promise. Until that time the people must hold the bank notes, and pass them from hand to hand as money, and must pay interest upon the note of their own Government. The Government should issue that paper, because its promises are safest to take and surest to hold. It is the only party ultimately liable for their payment, and it is the only party able to pay. What we call the Treasury note is equivalent to a note signed by every individual in the United States and by all their posterity. It has these advantages over all other securities: the holder always knows how much of that paper is extant, which is rarely known of paper issued by an individual or by a company. It has the largest estate pledged to its redemption; its obligation defies all statutes of limitation, and survives the death of generations.

Sir, we hear a great deal said about the moneyed power of our country, the capitalists, and of their importance to the country. Daily we are pointed to them, and we are told "they hold the purse-strings of the nation." Daily our financiers, our observing men, rush to the columns of our commercial organs to see "how the credit of the United States stands in Wall street or State street."

Mr. President, those who use such language, terribly and almost fatally misapprehend where lie the wealth and the strength of the nation. It is not piled up upon the few insignificant acres comprising your great cities, swollen and distorted as they are. It lies in the productive industry and the productive soil of the country. Within the last six months you have gathered from the ranks of that hardy industry the magnificent host which, now encircling the monster rebellion, prepares to crush it to atoms. From your generous soil that host is fed and furnished. The daily pay and the daily feed of that Army would, in six months, empty your banks so clean that every vault in the country would collapse.

While that Army remains in the field, you need not resort to Wall-street to have the credit of the nation indorsed. And should that Army leave the field before the rebellion is destroyed—which it never will—all the indorsement you will get in Wall street would not enable you to carry on a country tavern for twenty-four hours. In the land and labor of the country consists the nation's wealth. Let the country make a note of that fact.

To talk of borrowing of your banks the money to support your Army and your Navy is as idle as for England to talk of borrowing from her national bank the money to pay her national debt. There is but one fund adequate to supply the national finances, and that is the property of the nation. There is but one guarantee upon which the national credit can securely rest, and that is the national faith.

But, sir, there is another and, if possible, more conclusive reason why we should not rely upon the banks for the means of defraying the extraordinary charges of this war. It is that the banks have other work to do, and work scarcely less essential to the welfare of the country. Whatever be the available cash capital of the country, it is all required, and has all been used, in the ordinary business of the country. To supply the wants of our ordinary trade, is its legitimate work. So far as it is employed by the Government, it must be withdrawn from its legitimate work. The cash capital of the country was never equal to the present wants of the Government. It was never less able to supply those wants than at the present time. A large portion of the circulation has been withdrawn during the past season through the failure, or fear of failure, of the banks. In addition, $54,000,000 of circulation within the seceded States are locked up by the war. Besides these large sums, another sum larger than both of them, amounting probably to not less than $200,000,000, is lost to the active capital of the country, and now stands in the shape of southern indebtedness in our commercial cities, and which should have been paid out of the last year's crop. Yet, in spite of their crippled and exhausted condition, gentlemen

—able, thoughtful, clear-headed gentlemen—representing our capitalists, have been here almost demanding to be employed as bankers to the Government. You might as well think to feed the boilers to a first-class engine by placing them under the eaves of your house just as the clouds were trickling their last drops upon it. Sir, it is impossible. They have already been employed too long and too freely. Every dollar you borrow from them hereafter will be so much taken from the facilities needed by and legitimately belonging to the private trade and business of the people. That trade must not be despoiled; that business must not be destroyed. We have already wronged it too much. This extraordinary spectacle is exhibited: you have withdrawn from the industry of the country more than half a million men; you are feeding them at enormous cost and with enormous waste; yet with all this accumulated demand you have not enhanced the price of labor or of bread by so much as the smallest fraction of one per cent.

This other fact ought to be heeded. To-day the papers quote flour at $3 70 per barrel in Milwaukee. I am told it commands nine dollars in Washington. The reason is plain. The demand is great, but the purchasers are few. They are only the few large contractors who can command facilities from the crippled and staggering banks of the great cities. Two thirds of what the Government pays is divided between the banks, the contractors, and carriers, and goes for interest, profit, and freight. No matter with what fullness the farmer's granaries may swell, it does not give him credit enough to go to market. He must wait for the agent of the contractor to come to his door, and he must take whatever the latter is pleased to pay. This will never answer. If we mean that the people shall go through this war and live, we must not fetter the hands and palsy the energies of five millions, while the other half million fight the battles of the nation. You may as well expect the factories of Lowell to prosper after you have diverted all the tributaries of the Merrimac, as to expect a nation to give a vigorous support to the war when you have paralyzed all its energies. You might as well place John C. Heenan in a receiver from which the air is exhausted, and expect to witness an exhibition of brilliant sparring, as to expect great achievements from the people when you have deprived them of all their accustomed sustenance.

When you demand great performance of a people you must nurse them, and not suffocate them. I submit, therefore, you ought to leave the ordinary facilities of trade for the accommodation of the ordinary business of the country; and that this new and extraordinary demand of the Government should be supplied by extraordinary means.

Sir, history has not left us without instruction as to the policy which should govern a nation under circumstances like those which surround us. The tides of commercial prosperity which bathed England from the close of the American war turned near the end of the year 1792. On the 19th of February following, the Bank of England threw out the notes of Lane, Son & Fraser. The next day that house stopped payment, with liabilities amounting to nearly one million pounds. That great failure was followed by numerous others in every part of the kingdom, including upwards of one hundred country banks. Universal distrust succeeded to universal confidence. A heavy drain commenced upon the specie in the vaults of the bank. The bank in self-protection curtailed its discounts; values declined; distress was wide spread and general. In the midst of these calamities the kingdom embarked in a war upon the continent.

But instead of absorbing the capital of the country in defraying the charges of the Government, and thus aggravating the paralysis which had overtaken the industry of the people, her Ministry felt called upon to intervene; did actually intervene on behalf of that industry, and tendered to it a loan of exchequer bills to the amount of £5,000,000 sterling.

The progress of the panic was arrested at once. The simple offer of Government aid and sympathy afforded positive relief. Not half the amount voted by the Ministry was ever called for; and of the whole number who shared in the loan, only two individuals were finally driven to bankruptcy.

In 1825, England passed through another commercial crisis. To a season of the wildest speculation and of the boldest commercial adventure, encouraged by the most liberal accommodations from the banks, succeeded a season of alarm and general panic. The notes of the banks were hurried in, and the coin was hurried out. Fearful of the results, the banks refused all discounts. Every avowal on the part of the banks of inability to loan, inflamed the public apprehension that they would not be able to redeem what they had loaned. The demand for coin became more and more frantic. The stock of bullion melted rapidly away. Lord Ashburton has left on record a distinct intimation that, on one particular Saturday, the Bank of England "closed with nothing worth mentioning remaining." Application was made for an order in council to suspend specie payment. That led to a conference between Lord Liverpool and the governor of the bank, at which Lord Ashburton was called in to advise. The remedy he prescribed was to *increase* the circulation, instead of *decreasing* it. The remedy was administered. The relief was instant. Between the months of November, 1825, and March, 1826, the notes of the banks increased from £19,748,000 to £24,479,000. The moment trade revived confidence returned, and with returning confidence, the flow of specie set in towards the bank.

Admonished by such examples, I am disposed to insist that the Government shall no longer encroach upon those facilities which the hungry and famishing enterprise of the country needs so much, shriveled and shrunken as those facilities already are; and I insist the banks themselves shall not leave that enterprise to languish and to starve, in order that they may employ their crippled resources in giving a fitful, uncertain, and staggering support to the Government.

There are those who constantly and earnestly admonish us against the danger of any considerable inflation of the currency. They tell us that $50,000,000 is risky, that $100,000,000 would be

frightful. They assure us that $150,000,000 would be fatal. They protest with solemnity and energy that the business of the country will not stand it. I answer, the business of the country will stand it. I assert that the life of the country imperatively demands it.

Sir, one third of the sum provided in this bill has already taken its place in the circulation of the country, having been issued under the law of July last. The hungry trade of the nation absorbed it as a Mexican plain drinks up a summer shower. Instead of inflating prices, prices have constantly depreciated in spite of it. The truth is, the circulation of the country is not yet what the business of the country, in its normal state, demands. That business demands an increase of circulation rather than a decrease, in time of war. Why, sir, with a circulation of not more than $100,000,000, it is seriously proposed to collect internal taxes quite equal to that sum. How is such a tax to be paid with such a circulation? Sir, you may as well place a man in the pillory, and bid him dance the polka, as to bid the nation walk under such a burden of taxation, with such iron restrictions upon its energies.

But, sir, I may be told the policy I advocate leads to the unlimited issue of irredeemable demand notes. I have already shown that, whoever supplies the funds for this war must and will supply, not coin, for that is not to be had, but a substitute for coin. It is also manifest that whatever the substitute is, it will, for the same reason, not be convertible into coin. It is quite evident that, if the coin cannot be obtained with which to make the Government purchases, it cannot be had for the redemption of the paper which must be employed as its substitute. I have already shown that the Government, and not the banks, should issue that paper substitute; I now say that substitute should not, in my opinion, consist of demand notes, and that the amount cannot be unlimited.

It seems to me the Government should never issue a note of any denomination, promising thereby to pay specie for it on demand. Among the most solemn and imperative obligations resting upon the Government, in my judgment, are those to redeem what notes it has outstanding, and to issue no more of that description. We should redeem what we have issued, because we have promised it, and the national honor demands it. We should issue no more, because we cannot redeem them, and the national honor forbids it.

Sir, whatever may be allowed to bankers in their dealings with the people, or whatever may be allowed to individuals trafficking with each other, this *Government*, representing, as it does, the integrity, the morality, and the religion of the most privileged nation upon the earth, should *never*, no *never*, forfeit its promise to the people, nor withhold as yllable from the performance of its plighted faith. Its contracts, like its records, should import *absolute* verity.

There is no stain upon the character of the Government if its bond, payable in ten or twenty years, sells for ninety cents on the dollar, although the Government may have received par for it. It argues, not that the Government is insolvent or unsafe, but that the holder is needy. It is all the same as if one, to supply a present want, sell his horse for $200, for which he paid $225. But when a man sells a Government note for ninety cents in the market, for which the Government has promised to pay, but cannot pay, one hundred at sight, it inflicts an almost indelible stigma upon the national character. There is nothing more humiliating to every just sense of national pride than to see the Government, the chosen representative of the national resources, standing in the market places with the brand of insolveney upon its brow, and dishonored by the protest of every huckster there.

Sir, I invoke the Legislature to take good care that our Government does not fall under that burning disgrace.

But regard for economy as well as regard for character forbids the issue of notes promising specie on demand. If such are issued decency requires that some pretense should be made of readiness to redeem. Some fund must be provided with that view. If the Government issues $200,000,000 of notes promising $200,000,000 of specie on demand, it would, for the sake of appearances, feel compelled to keep at least $50,000,000 of specie in its Treasury. Whatever it does keep is dead capital. It is useless for the purpose of redemption, for it is inadequate. One might as well keep a yard of cloth on hand to make him a new overcoat, in case he should need one. It is only a sign of redemption, not security for it. It is not good economy to pay $50,000,000 for a sign, when by going to the proper shop we can get one painted for ten dollars. The truth is, redemption never will be called for except by the speculator, when some flurry in trade creates a sudden demand for gold, or by the people, in case of general panic. For the speculator the Government should not provide; for the panic it cannot provide.

Prudence also forbids the issue of demand notes by the Treasury of the United States. If the people are induced to take them at all, they should be protected in the use of them. They should be placed out of reach of the bears, the brokers, and the shavers. If upon their face they are made redeemable in coin, and if in fact they are not so redeemable, that is the very point at which their credit may be attacked, and through which it may be stricken down. If the specie reserve be twenty-five per cent. of the circulation, it is only necessary for the brokers to combine in a demand for coin which shall exhaust the reserve, and then the seventy-five per cent. in the pockets of the people is dishonored and discredited. Thenceforth it will be convertible only at a sacrifice, and whatever the discount is it falls upon those who have taken it in good faith and who have not contributed to its depreciation. And whatever they lose the speculators in money make, since whenever they choose they can restore the note to credit again, and what they have purchased at fifty cents they may pay out at pleasure at one hundred cents. For all these reasons, I am persuaded the Government should issue no promise to pay coin on demand. If it has the coin or can get it for such interest as a Government ought to pay, it ought to pay out the coin. If, on the contrary, the Government

has not the coin, it should issue its note, convertible on demand, in limited sums, into interest-paying stocks.

Authorize the issue of stocks to the amount of your appropriations, less the revenue applicable to them. Authorize the exchange of those stocks for coin or Treasury notes at par. Make the notes like the coin, a sufficient tender for all debts due to both Government and to individuals. Congress has the power to "regulate the value" of both. *Let the value of both be the same.* Then, whoever prefers the interest on the stocks to the use of money will invest either the coin or notes in the stocks. But whoever needs money more than the interest of it will keep the coin or notes in circulation.

I am not unmindful that the authority of Congress to make these notes a tender for debt is resolutely denied. I shall not enter upon an extended discussion of that question. I waive it the more readily because our decision of the question is not final. It may be reviewed by the judicial tribunals, especially if we affirm the power.

But since I am unwilling these notes should go to the country with the stamp of illegitimacy upon them, I shall offer a few suggestions in support of their validity. I readily admit, those illustrious men who framed the Constitution of the United States were deeply prejudiced against an irredeemable paper circulation. They had suffered much from such a circulation. I do not doubt they would have promptly negatived every proposition to insert in the instrument they were framing a clause which should clothe the Government with authority to issue such paper and make it a tender for debt. Nay more, I readily admit that if we were framing a constitution to-day, I myself would vote to exclude any express grant of such power from it.

I would not agree to the express grant of such power, because that would render the authority to issue paper money, and to make it a tender for debt, one of the ordinary powers of the Government, and the question of its exercise would be one of expediency merely. Such, I am persuaded, it ought never to be.

I would not consent to clothe the Government with a power which would enable it, when in the hands of dishonest men, to impose the whole cost of ordinary administration upon those who hold the credits of the country. When a Government resorts to loans for purposes of ordinary administration, it demonstrates that it is unworthy of credit. When it has forfeited its claim to credit, it has no more right to demand it than a highwayman has to demand your purse.

But it is to be noticed that Congress is not prohibited by the Constitution from issuing "bills of credit," or from making paper a tender for debt. It is to be noticed also that this authority to emit bills of credit and make them a tender is not one of the "reserved powers" so called. Only those powers "are reserved to the States respectively or to the people" which are "not delegated to the United States by the Constitution, *nor prohibited by it to the States.*" The power to "emit bills of credit" or to "make anything but gold and silver coin a tender in payment of debts" is "prohibited to the States," and resides with the Government of the United States, if it resides anywhere.

But I do not rest the claim of authority upon the fact that it is prohibited to the States. I ingraft it rather upon the powers expressly granted to the Government of the United States as a necessary incident, and without which the Government is helpless for the purpose of self-protection. "The United States shall guaranty to every State in this Union a republican form of government." That solemn duty is charged upon us by the Constitution. Eleven States in this Union are to-day either wholly or partly deprived of that guarantee. Our obligation to enforce it is absolute and unconditional.

In the discharge of that duty Congress is clothed with unrestricted power to "*raise* and *support*" armies, to "*provide* and *maintain*" navies. Congress is also clothed with power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States."

To preserve for these eleven misguided States a republican form of government, we have raised such armies and provided such navies as this continent never before saw—such as the world has rarely seen. I deem those armies and navies "necessary and proper" for the occasion. To *support* those armies and to *maintain* those navies I deem the measure before the Senate "necessary and proper."

Those who deny the constitutional authority to pass this bill must deny its necessity or its propriety. Those who deny its necessity or its propriety ought to show us some plan for avoiding it, some measure adequate to the emergency and more *proper* than the one proposed by this bill. Two months have elapsed since the policy of this bill has been discussed, and no one of its opponents has yet produced a substitute. The total neglect to offer a substitute is *prima facie* evidence of the necessity for this. But it is not the only evidence of that necessity. It is evident that no substitute can be provided, except it be taxation or direct loans.

I have already said that taxation is inadequate to the supply demanded for this terrible occasion. No nation of modern times has been able to provide from taxes alone the immense sums we are called upon to expend. I will presently show that direct loans are quite as impracticable as taxation.

The Senator from Vermont [Mr. COLLAMER] has argued with great force and plausibility that the making of these notes a legal tender is unconstitutional because it is unjust and inequitable. Assuming that the notes of the Government will be depreciated to half their nominal value, he proves conclusively that it would be grossly unjust to enable one who had purchased upon credit when gold and silver were the only legal currency to discharge his debt in a paper worth but fifty per cent. as much as specie is. The Constitution, he reminds us, was framed "to establish justice." This, he rightly concludes, is not justice; and therefore he argues the Constitution will not sanction it. I have not been able to recognize the con-

clusiveness of this reasoning, and I oppose to it these considerations:

1. Making a tender for a debt does not discharge it. It only stops the accruing of interest upon it. Any creditor who is tendered the notes of his Government if he has no debts of his own to pay, and cannot lend them to one who has, and will not lend them to his Government in exchange for its interest-paying stocks, may retain his security until the notes appreciate or coin is again recognized as the legal currency.

2. There is no probability that a currency based upon the resources of a great nation, the whole of which will be demanded once in each year for payment of dues to the Government, and which may be used any time in payment of private dues so long as any private dues exist, and may be loaned to the nation upon interest, even after every individual in the nation has ceased to borrow, will depreciate fifty per cent. or even five per cent. No such paper ever did depreciate, and none such, I venture to predict, ever will.

3. But even if it were certain that these notes would depreciate fifty or seventy-five per cent., it would by no means follow that Congress has not the authority to declare them a tender for debt. The power to degrade or depreciate the currency Congress undoubtedly has. It has that by the clearest terms of the Constitution. It has the power to "coin money" and to "regulate the value thereof." Those powers are unlimited.

It is under those powers that Congress has declared that two hundred and fifty-eight grains, nine parts of which shall be gold and one part a mixed alloy of silver and copper, shall be a tender for ten dollars of indebtedness.

But Congress is restricted to no quality or quantity of metal in coining money. It may as legally compose the eagle of fifty-eight grains as of two hundred and fifty-eight. It may as legally make it consist of one part of gold and the other nine parts of alloy as the reverse. It may coin money of iron or lead as legally as of silver or of copper. Every Government which has the power to coin money and to regulate its value has the power to degrade it; and monstrous and incurable as is the injustice of it, many Governments have actually resorted to such shifts to relieve their necessities —as England herself did in the reign of William and Mary.

I have said this circulation must be limited in amount. So indeed it is. It is limited by the occasion which makes it "necessary and proper." It is limited by the bill to a sum of $150,000,000. It is further limited by the opportunity constantly offered by the Government for funding it. If the interest on the public securities shall be fixed at six per cent., six dollars per hundred will be the precise bonus offered the holder of the notes to exchange them for stocks. The public creditor, therefore, will enjoy this advantage, that whenever money is worth more than the interest of the stocks he can receive from the Government what is equivalent to money. When, on the contrary, money is worth less than the interest, the notes can be exchanged for the stocks and the former will be retired from circulation. I never knew a circulating medium the quantity of which was regulated by a law so simple and so self-adjusting as this. It rises with the demand and it subsides with that demand. It ebbs and flows with the necessities of the people. No other medium could be devised so little apt to tempt speculation, or so little likely to be followed by distress. With other circulations the tendency is to flood the market when the market least demands it, and to fly the market when it is most required. The fundamental law of money-lending is that the desire to lend is in the exact proportion, inversely, to the desire to borrow. If the need to borrow is very urgent, the disposition to hoard is very strong. If the community groans for money, money cannot be had. If, on the contrary, the community is easy and independent, every bolt is withdrawn, every vault is thrown open, interest is reduced, and money is urged upon it.

Mr. President, the experiment of employing a currency of irredeemable paper is not untried. It has been severely tested. In 1793, England embarked in a war upon the continent. She had then a population of nine million eight hundred thousand, while we have a population of more than thirty millions. Her population was yarded upon a small and rugged island; ours is spread over a broad and fruitful continent.

In 1793, the Bank of England had notes in circulation to the amount of £11,388,919. The exports of the kingdom were £16,467,491. Her tonnage was but little more than one million, her revenue less than twenty million pounds. She prosecuted that war four years with specie funds, the demand notes of the bank, and exchequer bills. England sickened every day. Her coin was dissipated; her circulation was retired; trade languished; effort of every kind was paralyzed.

In 1797, England could look upon no single interest within the realm that prospered; there was no health in her. The languor of her people infected her armies and her navies. Mr. Alison says:

"During these four years one only victory at sea—that of Howe—was achieved. We were driven with disgrace from Flanders, Holland, and the north of Germany. Toulon beheld our standards recede before the rising star of Napoleon. Our continental alliances were all, with the exception of that with Austria and Russia, broken up; and from the Texel to Gibraltar the whole coast was arrayed in fierce hostility to our arms."

In the year 1796 the public expenditures reached £37,000,000. The burden bore the exhausted people to the earth. Pitt himself was appalled at it. He declared "it never had been equaled; it probably never would be surpassed."

On the 26th day of February, 1797, a Cabinet Council was convened at Whitchall. It was Sunday. The king attended. It is said to have been the only occasion upon which he attended a meeting of the Cabinet on the Sabbath day. The directors of the bank were ordered to pay out no more specie "until the sense of Parliament" could be taken. From that time until 1815—more than eighteen years—the trade of England was supplied and the Government in a great measure sustained by the use of an irredeemable paper currency. In fact, the bank did not fully resume the redemption of its notes until 1820, almost a quarter of a century from the time it suspended. The

period from 1727 to 1815 was one of almost uninterrupted war. Yet it was a period of almost uninterrupted and almost unbounded prosperity. Between these years the circulation of the bank had increased from £11,000,000 to £27,000,000, besides a circulation of private bank notes in the latter year of more than £19,000,000. The discounts of commercial paper had increased from £5,000,000 to £14,000,000. The exports of the kingdom had increased from £16,000,000 to more than £42,000,000. Her shipping had doubled. Her revenue from taxation had swollen from £19,000,000 to the enormous sum of £72,000,000.

In 1797 England disbursed £37,000,000, and she staggered from such depletion. Her ministers declared that expenditure could never be surpassed. In 1815 she disbursed £117,000,000, and yet the nation stood erect; her armies swept the field at Waterloo; she dictated a peace to Europe; she prescribed a king to France; she prescribed a prison to Bonaparte. It would sound much like a bull, but it would be far from a blunder, to say that the "golden age" of England was during that long period when the only currency she knew was one of irredeemable paper.

Sir, I hope I shall not be understood as insisting that either war or a currency of irredeemable paper are national blessings. They are medicines, and harsh ones. The times must be sadly diseased to warrant the prescription of either. But when demanded for the salvation of a State they should be prescribed without hesitation, and be taken without grimace. War is the most forbidding of terrors, but it is sometimes as necessary to the grandeur of a nation as a thunder storm is to the purity of the atmosphere.

The employment of paper not exchangeable for coin is undoubtedly dangerous under most circumstances. Employed by a people made giddy by prosperity, it tempts to over-indulgence and illegitimate adventure, and it will sink them finally into the lethargy that follows excess. Employed by a people stripped of all superfluities, standing face to face with actual want, strained to their utmost endeavor in a crisis, chafed to the quick by the pressure of a great emergency, and it will give them strength and courage. Give wine to one whose appetite is diseased by indulgence, and he will drink to sottishness and insensibility; put it to the lips of one perishing from exhaustion, and he will arise and stand upon his feet.

It is said, sir, that in other countries besides England the experiment of supplying a currency of irredeemable paper has been tried, and that such experiments have been unsuccessful. That is true. France tried the experiment in the reign of Louis XIV. But the circumstances under which it was tried by France were very different from those under which it is proposed to us. France was precipitated upon no sudden emergency. She was not *surprised* by a stern necessity for expenditures beyond the capacity of her capital or credit to supply. She had, on the contrary, exhausted her people by continuous taxation to supply the means of profligate expenditure to a luxurious Court. She had already contracted a public debt, the interest of which she could not pay; and having demonstrated that the national resources were inadequate to pay interest on the national debt, she deliberately proceeded to issue Government paper, on which she never intended to pay principal, and on which she promised no interest.

France tried the experiment again during that reign of terror which succeeded the death of Louis XVI. But the Government was revolutionary. The revolution was itself a public protest against the Government credit. It was a solemn manifesto of the inability of the people to supply the wants of a legitimate Government. It was impossible that confidence thus denied to a legitimate Government should be accorded a revolutionary one. It had no single claim to credit. It inspired no belief in its stability, no obedience to its authority, no zeal for its welfare.

The experiment was tried by Austria in the beginning of the present century, but it was tried as it was first tried in France. The Government had borrowed money until it could no longer pay the interest, and then appealed to the people to give credit to notes which promised no interest.

The experiment was tried in this country during the Revolution. It is on trial now in the southern States of this Union. It did not work happily in the Revolution. I am rejoiced to know it is no more successful in the rebellion. But the reason is evident. The Government of the Federal Congress was, as that of Mr. Davis is, revolutionary. It was itself an experiment. The people owed to it no allegiance and no support. It was a mere adventure, almost as much so as a voyage to Japan, and its credit was based upon almost the same considerations that control commercial credit.

Public sympathy for the noble enterprise, public affection and regard for the royal heroes adventured upon it, doubtless did very much to sustain the notes of the Continental Congress—much that was not done for the assignats of the French Directory, or for the mandate of the French Consulate; much that is not due for the scrip of the confederate cabal.

But the main reason why credit was withheld from the Continental money was that no provision was made for the interest, and the people did not believe either principal or interest would ever be paid. Such is not the attitude of the American Government to-day. The people are not poor. I am told they are worth $16,000,000,000. They are not exhausted by a long-continued system of oppressive taxation. They have paid no taxes except by way of duty on goods they have purchased from other countries; almost every dollar of which we could dispense with, and yet not suffer. The Government is not revolutionary; it is legitimate. It is not gambling to acquire empire; it is defending its own existence. There is no reason for distrusting its ability or good faith, and neither its ability or good faith is distrusted.

It is objected that this measure is equivalent to a confession of national bankruptcy. I deny it. It is no more a confession of bankruptcy than is the check your merchant gives you on the bank where he makes his deposits. Every note which the bill authorizes is a draft, drawn by the national authority upon the national resources. The nation has paid a debt with it. Every holder is empowered, in turn, to pay a debt with it. In the

course of circulation it may, and it probably will, fall into the hands of some one who has no debts to pay. He may loan it either to those who have debts to pay or to the Government, which constantly offers to borrow for the national use. At some time during each year, every dollar of it will be due to the Government, which issues it for taxes we have already agreed to demand.

It is said the measure is equivalent to a "forced loan." Sir, I have said before, and I now repeat, the loan is already forced. The equivalent for every dollar of this issue is already advanced to the national use. It is advanced by labor instead of by capital, by debtors instead of by creditors. And the worst that can be said of the measure is that it forces a loan from those whose business it is to lend, instead of from those whose necessities require them to borrow, and it substitutes in the portfolios of the creditor class the credit of the nation for the credit of individuals.

The Senator from Ohio [Mr. SHERMAN] proposes to amend this bill so as to authorize the Secretary of the Treasury to sell the public stocks for whatever he may be offered for them; to go into the market with the national credit, and to sell it for whatever the crippled capital of the country chooses to offer for it; to fling the financial character of the Republic as a bone to be quarreled and growled over by the bulls and bears of the stock market. To that amendment I am opposed.

If you notify the capital of the country that you are prepared to pay for money whatever it is pleased to exact, it will be hoarded to await the extremity of your distress. No man likes to sell for less than he buys. No man likes to buy for more than his neighbors. And if we advertise to the world that, like any other spendthrift, we are prepared to pay for money according to our necessities for it, no man will purchase our bonds at ninety cents for fear we shall presently sell at seventy-five; and if we offer them at seventy-five per cent. we give the best of assurances that we will soon sell at fifty.

But if we say to the world at once that six per cent. is all we will pay for money, and that whenever we cannot find money at six per cent. per annum or men at thirteen dollars per month sufficient for the war, the war must stop, every man who has money to invest can make his election to lend or not. But every man who lends at par may feel secure that the Government itself is not going to undersell to him. In the very commencement of our difficulties, while the patriotism of the country was at white heat, the Secretary of the Treasury negotiated a small loan of $5,000,000, and for that he obtained only about ninety cents on the dollar.

No one believes $50,000,000 could be negotiated now at sixty cents. It is the experience of all borrowers, that the more they offer the more will be demanded. Besides, it ought to be remembered that the Government, acting for those who have entered the Army and those who have not, for those who supply food and those who supply none—acting both for labor and capital—has *promised* that labor shall be paid a given sum for the work of a soldier, for a barrel of flour, or a pair of boots. Whatever is borrowed to meet those engagements is borrowed upon the common credit; and if we borrow upon the credit of the whole people $10,000,000 to pay part of them $5,000,000, it is very easy to see they are never paid in full.

Sir, if the Government lives—if the nation survives the perils which now beset it—every man knows that the stocks of the United States bearing interest at six per cent., will, in a few years, command a large premium. Whoever, then, invests his money now in such stocks, will, if the Government lives, realize that profit, besides reaping the earnings of his investment in the shape of semi-yearly interest. That is enough.

But, it is said a large supply of stocks is to be thrown upon the market, and capital will soon be able to purchase them at large discount. It is true the nation must borrow largely or tax beyond the national ability. It is true the necessities of the Government are great and pressing. But it is not true that because our necessities are great, that every sharper in the country should be invited to speculate upon them. It is not true that we ought to issue a letter of marque and reprisal to every broker in the land to prey upon the exposed resources of the people.

The Government will be under the necessity of borrowing $500,000,000. For the use of that we are willing to pay $30,000,000 per annum. If you send your stocks to the auction block they will be sold at the sacrifice of $100,000,000. Every reverse to your arms will be the pretext for new exactions upon your resources. Capital will follow your armies as the crows do, and for the same purpose —to fatten upon your disasters. It will chuckle over your defeats because defeat will bring to it new discounts. It will rejoice with you over the final victory, because victory will bring to it the rich harvest of all its investments.

It is said that the demand for money is great, and it must be allowed to profit by the opportunity; that capital has the right to earn what it can; to make the most of its advantages. I deny it. The whole philosophy of Government denies it; the whole practice of legislation denies it. The legislation of all States denies to capital the right to take more than a given rate of interest, even from individuals who borrow upon private account and for private use. How much more imperiously should it deny the right to take more than a limited rate of interest upon loans, made for the common good of the nation, and to supply not the means for a private speculation but the demands of a public necessity. In the name of public necessity we demand sacrifice of all but capital. Why, then, in the name of that same necessity should we fling bonuses and profits to capital alone? The experience of half a century has demonstrated that the use of money is not worth more than six per cent.; that sum the Government ought to pay. The same experience has demonstrated that labor is worth thirteen dollars per month; that sum the Government is paying for the labor of half a million of men. No one proposes to increase their pay. One would hardly suppose it ought to be diminished; and yet if you borrow money upon their credit, with which to pay them, you actually *do* reduce their pay.

Mr. President, I have said that no one can suf-

fer from his measure if the Government survives the struggle in which it is now engaged. All the notes it issues will be redeemed. All the money it borrows will be repaid with interest.

But the statement suggests the *possibility* that the Government *may* not survive. Let that be admitted. The Government *may* not survive. What, then, it is asked, will become of the money loaned to it, and of its notes outstanding?

I confess my apprehension that they will all be lost. That will be the case, too, I apprehend, with notes and money generally, let whoever will be the maker, let whoever will be the borrower.

Sir, if one of your soldiers shrinks from duty, and deserts his country's cause for fear of losing his life, he is called a coward, and he is ignominiously dismissed from his company, or shot in its presence. By what fitting term, then, shall we designate him who deserts his country in its greatest need for fear of losing his money? By what penalties should *he* be visited?

Money and men alone do not constitute the wealth of a nation. The genius, the generosity, the courage, the intellect, and the patriotism of the people are all national resources. In an emergency like this the Government should not draw upon one fund alone, but every fund should respond alike. Surely avarice and cowardice should not alone be exempt from the common burdens.